

Sunset Public Hearing Questions for
Industrial Development Division, Building Finance Committee
Created by Section 4-14-109, *Tennessee Code Annotated*
(Sunset termination June 2019)

1. Provide a brief introduction to the committee, including information about its purpose, statutory duties, staff, and administrative attachment.
 - The Building Finance Committee was created by TCA § 4-14-109 to exercise the powers and duties and discharge the responsibilities in Title 7, Chapters 53 and 55. The committee is charged under TCA § 7-53-307 and TCA § 7-55-106 and TCA § 13-16-207 with reviewing applications for Certificates of Public Purpose and Necessity (“CPPN”) that local governments are required to obtain before being able to pledge their full faith and credit for bonds or borrow funds or issue bonds or borrow funds to finance an industrial park project. The committee must find that the application meets certain statutory tests to ensure that the projects are “well-conceived and have a reasonable prospect of success” and thus will not become a burden on the taxpayers. The committee consists of seven members appointed by the governor. ECD serves as secretary for the committee.
2. Provide a list of current committee members and describe how membership complies with 4-14-109(b), *Tennessee Code Annotated*.
 - Randall L. Gibson, Knoxville
 - Lonnie M. Haley, Memphis
 - Michael P. Sadler, Memphis
 - Scot Braun, Knoxville
 - Debbie C. Small, Ashland City
 - Cheryl McKenry, Knoxville
 - Paul Lawson, Nashville
 - Per TCA § 4-14-109, the membership consists of the vice chair of the former Tennessee board of economic growth, serving ex officio as chair of the committee, and six additional members appointed by the governor, two from each of the three grand divisions, who shall be competent to serve on the committee by reason of experience in the fields of investment finance or industry.
 - The governor’s office appoints members according to the criteria above. There are two members from each grand division represented on the committee.
3. Are there any vacancies on the committee? If so, what steps have been taken to fill the vacancies?
 - There are no vacancies on the committee.
4. How many times did the committee meet in the last two fiscal years? How many members were present at each meeting?

- The committee met four (4) times during the last two fiscal years: three (3) meetings in FY17 and one (1) meeting in FY18.
5. What per diem or travel reimbursement do members receive? How much was paid to committee members during the last two fiscal years?
 - Members are authorized by statute to receive travel reimbursements. However, the committee meets via telephone conference call and members have not received per diem or travel reimbursement during the last two fiscal years.
 6. What were the committee's revenues and expenditures for the last two fiscal years?
 - The committee had no revenues or expenditures for the last two fiscal years.
 7. Is the committee subject to Sunshine law requirements (Section 8-44-101 et seq., *Tennessee Code Annotated*) for public notice of meetings, prompt and full recording of minutes and public access to minutes?
 - Yes, the committee is subject to the Tennessee Public Records Act and Tennessee Open Meetings Act.
 8. What were the major accomplishments of the committee during the last two fiscal years?
 - The committee approved four (4) CPPNs during the last two fiscal years.
 9. How many applications did the committee approve during the last two fiscal years for certificates of public purpose and necessity (as authorized by Section 7-53-307, *Tennessee Code Annotated*) to allow a municipality to pledge the full faith and credit of the municipality as surety to the payment of principal and interest of bonds? How many, if any, applications were rejected and for what reasons?
 - The committee did not approve any CPPNs pursuant to TCA § 7-53-307 during the last two fiscal years. During the last two fiscal years, the committee has approved four (4) CPPNs pursuant to TCA § 13-16-207 of the Industrial Park Act. This section requires the committee to approve a CPPN "before any municipality may undertake to borrow funds to develop an industrial park."
 10. How many applications did the committee approve during the last two fiscal years for certificates of public purpose and necessity (as authorized by Section 7-55-106, *Tennessee Code Annotated*) to allow a municipality to engage in enterprises deemed essential and in compliance with public welfare demands and sound state public policy requirements? How many, if any, applications were rejected and for what reasons?
 - The committee did not approve any CPPNs pursuant to TCA § 7-55-106 during the last two fiscal years. During the last two fiscal years, the committee has approved four (4) CPPNs pursuant to TCA § 13-16-207 of the Industrial Park Act. This section requires the committee to approve a CPPN "before any municipality may undertake to borrow funds to develop an industrial park."

11. What reports does the committee prepare on its operations, activities and accomplishments and who receives the reports?

- The committee does not prepare any reports. ECD prepares minutes of each meeting and files those with the Secretary of State's office as required by law when holding a meeting via conference call.

12. Does the committee have any policies in place to address potential conflicts of interest by committee members, committee employees, or other state employees who work with the committee in any capacity? If yes, please describe.

- Yes, the committee has a conflict of interest policy as required by § TCA 4-14-109(m). The committee members submit signed conflict of interest statements to the secretary annually and members recuse themselves from consideration of a CPPN if it presents a conflict of interest.

13. Describe any items related to the committee that require legislative attention and your proposed legislative changes.

- No changes are needed at this time.

14. Should the committee be continued? To what extent and in what ways would the absence of the committee endanger the public health, safety or welfare?

- The committee should be continued. The committee serves as a "fail safe" against speculative decisions by local governments that may become a burden on local taxpayers. The committee process forces local governments to analyze in depth the fiscal soundness, environmental impacts, engineering, and marketability of the proposed investment to meet the statutory test. Without the committee, there would be no direct oversight of this nature of a local government's decision to invest hundreds of thousands or even millions in an industrial park that may have little to no chance of success. If deficiencies are found during the review process, the local government must revise its application or in some cases revise its proposed investment plan to meet the statutory test before the committee will be able to issue a CPPN.